



STATE BOARD OF EQUALIZATION

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BETTY T. YEE
Acting Member
First District, San Francisco

BILL LEONARD
Second District, Sacramento/Ontario

CLAUDE PARRISH
Third District, Long Beach

JOHN CHIANG
Fourth District, Los Angeles

STEVE WESTLY
State Controller, Sacramento

RAMON J. HIRSIG
Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento

October 11, 2006

The following is a preliminary record of Board actions taken at the October 11, 2006 Board Meeting. This is not an official record and is subject to correction or modification. The official record of the Board's actions is the minutes of the Board, which will be adopted at a subsequent meeting.

The Board's decision reflects only the issues resolved by the Board at the meeting. Issues resolved prior to the meeting are not reflected in this document.

If you would like specific information regarding items on this Preliminary Record of Board Action, please telephone Rebecca Landeros (916) 445-7696 or e-mail: Rebecca.Landeros@boe.ca.gov. Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

A. HOMEOWNER AND RENTER PROPERTY TAX ASSISTANCE HEARINGS

There were no items for this matter.

B. CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS

B1. James W. James and Xuan T. James, 260720

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayers' Appeal Denied	Mr. Leonard	Yes
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

C. SALES AND USE TAX APPEALS HEARINGS**C1. Chintala N. Reddy, 300410 (CH)**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Petition Denied	Mr. Leonard	Yes
	Mr. Parrish	No
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

C2. Blaine, Inc./Heating and Air Conditioning, 290766 (KH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Petition Partially Granted/Denied	Mr. Leonard	Yes
	Mr. Parrish	Yes
Amnesty interest penalty relieved, if within 30 days full payment received of tax and interest and/or upon successful completion of installment agreement.	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

C3. Rashed Enterprises, Inc., 241710 (KH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Petition Denied	Mr. Leonard	Yes
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

C. LOCAL TAX REALLOCATION HEARING**C4. Cities of Los Angeles and San Jose, LTR04-009, 352192**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Referred to the Business Tax Committee for examination of Regulation 1803.	Mr. Leonard	Yes
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	No
	Ms. Yee	Yes
	Mr. Chiang	Yes

D. SPECIAL TAXES APPEALS HEARING

There were no items for this matter.

E. PROPERTY TAX APPEALS HEARINGS

E1. Southern California Gas Company (149), 342132 – “CF”

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No Final Determination	Mr. Leonard Mr. Parrish Mr. Westly/Ms. Mandel Ms. Yee Mr. Chiang	

F. PUBLIC HEARINGS

There were no items for this matter.

G. TAX PROGRAM NONAPPEARANCE MATTERS – CONSENT

G1 Legal Appeals Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Mr. Leonard Mr. Parrish Mr. Westly/Ms. Mandel Ms. Yee Mr. Chiang	Yes Absent Yes Yes Yes

- Petitions for Rehearing
 1. Vernon C. Sorenson MD PC, 255501 (UT)
 2. Philip O. Hamilton, 260719 (KH)

G2 Franchise and Income Tax Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Mr. Leonard	Yes
No Final Determination on Sub-items 1, 6	Mr. Parrish Mr. Westly/Ms. Mandel Ms. Yee Mr. Chiang	Absent Yes Yes Yes

- Decisions
 1. ~~Del Dietrich, 268788~~
 2. Expert Dealer Services, LLC, 330468
 3. Douglas Gutierrez, 346083

4. Maximum Protection Systems, LLC, 329234
5. Fakhradin Mirian and Laura Mirian, 329166
6. ~~Monica E. Ridley (Formerly Monica E. Esparza), 341520~~
7. Robyn Ryan, 336552
8. Helen Sauermann, 337097
9. Third Pine Associates, L. P., 315247
1319 Promenade L.P., 315315
10. Edward E. Vargas, 318237
11. Harold Wachter, 337091
12. Ken M. Wilson, 335567
- Petitions for Rehearing
13. J. Mwah Polson, 306075
14. Craig Woods Schiemann, 300905
15. James L. Tarpo, 301163

G3 Homeowner and Renter Property Tax Assistance Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

- Decisions
1. Sonya Carrol, 339327
 2. Mark Hill, 339290
 3. Charles B. Holmes, 336604
 4. Catherine L. Jackson, 336703
 5. Fay Marylyn Knight, 334697
 6. Harold L. Mitchell, 343370
 7. Vickie Marie Orr, 338826
 8. Charleane Raines, 339285
 9. Sheila Laverne Sims, 339325
 10. Robert F. Waters, Sr., 331516
 11. Gloria Whitt, 339321

G4 Sales and Use Taxes Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

- Redetermination
 1. California Institute of Technology, 260337 (AP)
- Denials of Claims for Refund
 2. Tosco Corporation, 332646 (OH)
 3. Circle K Stores, Inc., 332643 (OH)
 4. Myprint Corporation, 359474 (EAA)
 5. The Good Guys-California, Inc., 306015 (CH)
 6. Novartis Inst.-Funct. Genomics, Inc., 359479 (FH)
 7. Triad Financial Corporation, 310920 (EA)

G5 Sales and Use Taxes Matters – Credits, Cancellations, and Refunds

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes, not participating in sub-items 1 and 17
	Ms. Yee	Yes
	Mr. Chiang	Yes, not participating in sub-items 4 and 9

- Credit and Cancellation
 1. Los Angeles SMSA, L. P., 359255 (OHB)
- Refunds
 2. Tooling & Special Machines Amer., 359143 (AR)
 3. Nissan North America, Inc., 308051 (AS)
 4. Chevron U.S.A., Inc., 348910 (BH)
 5. Fleet Card Fuels, 296481 (ARH)
 6. Press-Enterprise Company, 325581 (EH)
 7. Circle K Stores, Inc., 271027 (OH)
 8. Zale Delaware, Inc., 299383 (OHC)
 9. Citicorp Vendor Finance, Inc., 357942 (OHC)
 10. Rational Software Corporation, 359475 (GH)
 11. Unitek Corporation, 316911 (AP)
 12. Empire Southwest, LLC., 329580 (OH)
 13. Hane Chow, Inc., 262557 (CH)

14. Myprint Corporation, 301288 (EAA)
15. Officemax, Inc., 329568 (OHA)
16. Citrix Systems, Inc., 243834 (OHC)
17. Verizon Wireless Network Procurement, 316919 (OHB)
18. Novartis Inst.-Funct. Genomics, Inc., 359478 (FH)
19. Long Beach Acceptance Corporation, 259714 (EA)
20. Triad Financial Corporation, 262507 (EA)

G6 Special Taxes Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendation	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Not Participating
	Ms. Yee	Yes
	Mr. Chiang	Yes

➤ Relief of Penalty

1. United Healthcare Insurance Company, 357201 (ET) “CF”

G7 Special Taxes Matters – Credits, Cancellations, and Refunds

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No Final Determination	Mr. Leonard	
	Mr. Parrish	
	Mr. Westly/Ms. Mandel	
	Ms. Yee	
	Mr. Chiang	

Refund

1. Argonaut-Southwest Insurance, Company, 264564 (ET) “CF”

G8 Property Tax Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Not Participating
	Ms. Yee	Yes
	Mr. Chiang	Yes

- Petitions for Reassessment of Unitary Value
 1. Golden State Water Company (101), 358801 - "CF"
 2. Valero Refining Corporation (407), 359085 - "CF"
- Petitions for Penalty Abatement on Unitary Value
 3. California Northern Railroad Company (810), 359331 - "CF"
 4. San Joaquin Valley Railroad (897), 359332 - "CF"

There were no items for the following matters:

G9 Cigarette License Fee Matters

G10 Legal Appeals Property Tax Matters

H. TAX PROGRAM NONAPPEARANCE MATTERS – ADJUDICATORY

H1 Legal Appeals Matters

- Petition for Rehearing
 1. Michael A. Olin and Janis G. Olin, 252307 (UT)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Petition for Rehearing Denied Staff to offer taxpayer installment plan.	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

H2 Franchise and Income Tax Matters

➤ Opinion

1. Apple Computer, Inc., 152016

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No Final Determination	Mr. Leonard Mr. Parrish Mr. Westly/Ms. Mandel Ms. Yee Mr. Chiang	

➤ Decisions

2. Gold Country Women Investment Club, 287988

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer Claim Denied	Mr. Leonard Mr. Parrish Mr. Westly/Ms. Mandel Ms. Yee Mr. Chiang	Yes Absent Yes Yes Yes

3. Peter M. Soley, 310303

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No Final Determination	Mr. Leonard Mr. Parrish Mr. Westly/Ms. Mandel Ms. Yee Mr. Chiang	

H3.....Homeowner and Renter Property Tax Assistance Matters

➤ Decision

1. Marcos Prieto, 339280

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No Final Determination	Mr. Leonard Mr. Parrish Mr. Westly/Ms. Mandel Ms. Yee Mr. Chiang	

H4 Sales and Use Taxes Matters

➤ Redetermination

1. James Gamblin, 345457 (EH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer Petition Granted	Mr. Leonard Mr. Parrish Mr. Westly/Ms. Mandel Ms. Yee Mr. Chiang	Yes Absent Yes Yes Yes

➤ Relief of Penalty/Interest

2. K-Mart Corporation, 353218 (OHA)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer Petition Granted	Mr. Leonard Mr. Parrish Mr. Westly/Ms. Mandel Ms. Yee Mr. Chiang	Yes Absent Yes Yes Yes

Denials of Claims for Refund

3. Western Digital Technologies, Inc., 238711 (EAA)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer Claim Denied	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Not participating

4. Halliburton Energy Services, Inc., 356793 (OHC)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer Claim Denied	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Not participating
	Ms. Yee	Yes
	Mr. Chiang	Yes

5. New Vision Technologies, Inc., 334836 (EAA)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer Claim Denied	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

➤ Denial of Relief of Penalty/Interest

6. Calgen Project Equipment Finance, 355514 (GH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer Petition Denied	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

H5 Sales and Use Taxes Matters – Credits, Cancellations, and Refunds

➤ Refunds

1. Halliburton Energy Services, Inc., 207473 (OHC)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer Claim Granted	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Not participating
	Ms. Yee	Yes
	Mr. Chiang	Yes

2. Light & Sound Design, Inc., 354454 (AR)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer Claim Granted	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

3. Virgin Mobile USA, LLC, 290234 (OHB)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer Claim Granted	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

4. Valley Imports, Inc., 345180 (FHA)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer Claim Granted	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

There were no items for the following matters:

- H6 Special Taxes Matters
- H7 Special Taxes Matters – Credits, Cancellations, and Refunds
- H8 Property Tax Matters
- H9 Cigarette License Fee Matters
- H10 Legal Appeals Property Tax Matters

I. TAX PROGRAM NONAPPEARANCE MATTERS

There were no items for this matter.

CHIEF COUNSEL MATTERS**J. Rulemaking**

Section 100 Change to Regulations

J1 Sales and Use Tax Regulation 1610, Vehicles, Vessels, and Aircraft

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendation	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

J2 Sales and Use Tax Regulation 1705.1 Innocent Spouse Relief From Liability

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendation	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

There were no items for the following matters:

- K. Business Taxes
- L. Property Taxes
- M. Other Chief Counsel Matters

ADMINISTRATIVE SESSION**N. Consent Agenda**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Mr. Leonard Mr. Parrish Mr. Westly/Ms. Mandel Ms. Yee Mr. Chiang	Yes Absent Yes Yes Yes

- N1 Approval of Board Retirement Resolution
- Rosie L. Gentry
- N2 Approval of proposed Revisions to Audit Manual chapter 6, Vehicle, Vessel and Aircraft Dealers
- N3 Approval of Superior Accomplishment Award Nominees
- N4 Sales Tax Prepayment Rate on Motor Vehicle Fuel, Diesel Fuel and Jet Fuel

O. Approval of Board Committee Meeting Minutes**O1 Business Taxes Committee**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Minutes as presented. The minutes can be accessed at http://www.boe.ca.gov/meetings/btc2006.htm	Mr. Leonard Mr. Parrish Mr. Westly/Ms Mandel Ms. Yee Mr. Chiang	Yes Absent Yes Yes Yes

O2 Property Tax Committee

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Minutes as presented. The minutes can be accessed at http://www.boe.ca.gov/proptaxes/ptcwplan06.htm	Mr. Leonard Mr. Parrish Mr. Westly/Ms Mandel Ms. Yee Mr. Chiang	Yes Absent Yes Yes Yes

P. Other Administrative Matters

- P1 Executive Director's Report
Executive Director's opportunity to report on matters of interest to the Board.

<u>DECISION</u>	<u>MEMBER</u>
No Action Required/Update Only	Mr. Leonard Mr. Parrish Mr. Westly/Ms. Mandel Ms. Yee Mr. Chiang

- P2 Budget Change Proposals

BCP No. 12: AB 1803 – Expanded Workload for Environmental Fee

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendation	Mr. Leonard Mr. Parrish Mr. Westly/Ms. Mandel Ms. Yee Mr. Chiang	Yes Absent Yes Yes Yes

- BCP No. 13: E-Filing Infrastructure Project

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendation	Mr. Leonard	Yes
Information to be brought back to the Board Members	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

P3 Interagency Agreements Over \$1 Million

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Item to be brought back to the November Sacramento Board Meeting	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

ADJOURNED